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SUBJECT: ALGAE IN LAKE ATITL??N THREATENS TOURISM, POSES CHALLENGE TO GOG

¶1. (U) Summary: The appearance of an unsightly and potentially toxic algae in Lake Atitl????n poses a significant threat to one of Guatemala's most well-known tourist attractions, and has created a high-profile environmental challenge for the Colom Administration. Scientists identified the bacteria on October 24 and attribute its appearance to wastewater and nitrates from agricultural fertilizer, both of which are introduced directly into the Lake by local communities and agricultural installations. In response, the GoG developed an emergency action plan that would establish new wastewater treatment plants, ban non-organic fertilizers and suspend logging, amongst other actions. However, the GoG still lacks the necessary funds and staff to implement the plan. At present, USAID is working with the GoG and other donors to coordinate assistance and, a USAID contractor is undertaking an assessment of the situation. End Summary.

CYANOBACTERIA THREATENS LAKE ATITL????N

¶2. (U) On October 24, local press reported that University of California scientists had detected an algae known as cyanobacteria *Lyngbya hieronmysii* in Guatemala's spectacular, volcano-ringed Lake Atitl????n, one of the country's major tourist attractions. One scientist stated that cyanobacteria can produce cyanotoxins with potential adverse health effects on fish, crustaceans, zooplankton, and humans that have frequent contact with the polluted water. Dr. Margaret Dix, a scientist at Guatemala's University of the Valley, informed Econoffs that there have been no definite reports of negative health effects, but rather some rumors of skin rashes, dead fish and crabs that could have been due to a variety of causes, including the bacteria. The press reported that tests conducted by the University of California determined there was no toxicity in the lake, however Embassy Guatemala has not yet confirmed this report. The GoG identified wastewater from lakeside, mostly indigenous communities and nitrates from agricultural fertilizers as the main causes of the cyanobacteria. Within the 15 lakeside communities, only six water treatment facilities were ever built, of which only two are currently operational. This means that most of the surrounding communities dump untreated wastewater directly into Lake Atitl????n. Additionally, nitrates from agricultural fertilizers contaminate many of the local rivers and eventually make their way to the lake.

GOG SEEKS IDEAS AND FUNDS

¶4. (U) The unsightly and smelly bacteria is already impacting Atitl????n's USD 200 million per year tourist industry. Local authorities, civil society organizations, the Vice President's Office and the Ministry of Environment have developed an emergency action plan to rescue the lake. Proposed measures include: a ban on non-organic fertilizers, the construction of primary sewage

treatment plants, and the suspension of logging licenses for a period of up to two years, amongst others. Representatives from twenty companies and scientific institutions have also submitted proposals on how to manage wastewaters and solid waste. A scientific committee analyzed the proposals and presented a report to Vice President Espada on November 13, though the results are not yet public. Other ideas include a proposal by hotel owners to use funds from an existing 10% hotel tax to improve hotels' wastewater treatment systems.

¶15. (U) Despite the proliferation of ideas, the GoG has not yet identified sufficient funds to address the problem at Lake Atitl????n.

The Ministry of Environment and Natural Resources (MARN) estimates that implementing the action plan would cost over USD 38 million. Thus far, the Government of Spain has pledged USD 15 million in assistance. Guatemala's Institute of Municipal Development (INFOM) will make available a portion of a 2005 USD 3.7 million loan from the Inter-American Development Bank. Though originally programmed for the construction of waste treatment plants after Hurricane Stan destroyed a sewage plant in Panajachel, some of the loan could be used to assist in GOG efforts.

USG SEEKS "RAPID ASSESSMENT" AND COLLABORATES WITH INTERNATIONAL DONORS

¶16. (U) USAID Guatemala is using an existing contract to conduct a "rapid assessment" of the situation. The assessment will catalogue Atitl????n's needs and outline and evaluate the problem, current proposed plans, and available resources. If possible, the consultant would work with MARN, the National Protected Areas Commission (CONAP), and civil society (including University of the Valley) to collect the information. Additionally, USAID participated in a November 19 meeting with the "Donor Group for Environment and Water," convened by the Dutch Embassy on the proposed action plan and its integration with existing donor and GoG programs. Other USG-led endeavors include the approval by USAID to use regionally earmarked CAFTA-DR environment funds for the Environmental Protection Agency to send one scientist on a scoping trip to Lake Atitl????n. Additionally, the National Aeronautics and Space Administration has provided the GoG with satellite imagery demonstrating the algae's rapid growth. The images also appeared in the press on November 20.

¶17. (U) Comment: Ridding Lake Atitl????n of cyanobacteria Lyngbya hieronymysii will be a long-term challenge for Guatemala. Lake Atitl????n's status as a natural treasure and a driver of tourist revenue has made the bacteria problem front page news. The GoG is taking measures to address the problem, but is unlikely to find sufficient financial resources or the organizational capacity to mount an effective, rapid response. As such, the international community and civil society will both be critical partners in resolving the issue effectively. Post will continue to monitor the situation and provide support to the GoG wherever possible.

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